

SENATE BILL No. 419

DIGEST OF INTRODUCED BILL

Citations Affected: IC 36-7.

Synopsis: Borrowing by CRED districts. Authorizes the state board of finance to make an interest free loan of up to \$10,000,000 from the state general fund to the advisory commission on industrial development of a city that established a community revitalization enhancement district (CRED) and that meets certain other conditions. Provides that an advisory commission on industrial development may use the loan proceeds for the acquisition of land, buildings, and structures in the CRED and for the demolition, removal, renovation, rehabilitation, and enlargement of buildings and structures, and site and infrastructure improvements in the district.

Effective: July 1, 2004.

Broden

January 12, 2004, read first time and referred to Committee on Finance.

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Introduced

Second Regular Session 113th General Assembly (2004)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2003 Regular Session of the General Assembly.

SENATE BILL No. 419

A BILL FOR AN ACT to amend the Indiana Code concerning economic development and to make an appropriation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 36-7-13-15, AS AMENDED BY P.L.224-2003,
2 SECTION 241, IS AMENDED TO READ AS FOLLOWS
3 [EFFECTIVE JULY 1, 2004]: Sec. 15. (a) If an advisory commission
4 on industrial development designates a district under this chapter or the
5 legislative body of a county or municipality adopts an ordinance
6 designating a district under section 10.5 of this chapter, the treasurer
7 of state shall establish an incremental tax financing fund for the
8 district. The fund shall be administered by the treasurer of state. Money
9 in the fund does not revert to the state general fund at the end of a state
10 fiscal year.

11 (b) Subject to subsection (c), the following amounts shall be
12 deposited during each state fiscal year in the incremental tax financing
13 fund established for the district under subsection (a):

14 (1) The aggregate amount of state gross retail and use taxes that
15 are remitted under IC 6-2.5 by businesses operating in the district,
16 until the amount of state gross retail and use taxes deposited
17 equals the gross retail incremental amount for the district.

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(2) The aggregate amount of state and local income taxes paid by employees employed in the district with respect to wages earned for work in the district, until the amount of state and local income taxes deposited equals the income tax incremental amount.

(c) The aggregate amount of revenues that is:

(1) attributable to:

(A) the state gross retail and use taxes established under IC 6-2.5; and

(B) the adjusted gross income tax established under IC 6-3-1 through IC 6-3-7; and

(2) deposited during any state fiscal year in each incremental tax financing fund established for a district;

may not exceed one million dollars (\$1,000,000) per district designated under section 10.5 or 12 of this chapter and seven hundred fifty thousand dollars (\$750,000) per district for a district designated under section 10.1 or 12.1 of this chapter. **However, the limit under this subsection does not apply to revenue to be deposited in the incremental tax financing fund established for a district if the revenue will be used to repay a loan made under IC 36-7-13.2.**

(d) On or before the twentieth day of each month, all amounts held in the incremental tax financing fund established for a district shall be distributed to the district's advisory commission on industrial development for deposit in the industrial development fund of the unit that requested designation of the district.

SECTION 2. IC 36-7-13-17, AS AMENDED BY P.L.1-1999, SECTION 82, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 17. **(a)** Money in the industrial development fund may be pledged by an advisory commission for the following purposes:

(1) To pay debt service on bonds or other obligations issued under this chapter.

(2) To establish and maintain a debt service reserve established by the advisory commission.

(b) Money in the industrial development fund may be used by an advisory commission to repay a loan made to the advisory commission under IC 36-7-13.2.

SECTION 3. IC 36-7-13.2 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]:

Chapter 13.2. Loans to Qualified Cities

Sec. 1. The definitions in IC 36-7-13 apply throughout this chapter.

Sec. 2. As used in this chapter, "board" refers to the state board

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of finance.

Sec. 3. As used in this chapter, "qualified city" means a city that meets the following conditions:

(1) A district was established in the city under IC 36-7-13 before July 1, 2002.

(2) Obsolete buildings containing at least two million (2,000,000) square feet of interior floor space are located in the district described in subdivision (1).

(3) The obsolete buildings described in subdivision (2) are significant obstacles to redevelopment in the city.

Sec. 4. Before January 1, 2005, the advisory commission on industrial development of a qualified city may apply to the board for a loan from the state general fund. The board may make a loan from the state general fund to the advisory commission on industrial development of the qualified city for the purposes described in section 8 of this chapter.

Sec. 5. (a) The board shall determine the terms of a loan made under this chapter. The board and the advisory commission on industrial development of the qualified city shall enter into a written agreement governing the terms and conditions of the loan.

(b) Interest may not be charged on the loan.

(c) The loan must be repaid not later than ten (10) years after the date on which the loan is made.

(d) The amount of the loan may not exceed ten million dollars (\$10,000,000).

(e) Except as provided in section 7 of this chapter, the loan shall be repaid only from income tax incremental amounts and gross retail incremental amounts collected in the district described in section 3(1) of this chapter and deposited in the incremental tax financing fund established for the district under IC 36-7-13-15.

Sec. 6. (a) Whenever the board receives a payment on a loan made under this chapter, the board shall deposit the amount paid in the state general fund.

(b) An advisory commission on industrial development may repay a loan made under this chapter before the time required under section 5 of this chapter.

Sec. 7. If the income tax incremental amounts and gross retail incremental amounts deposited in the incremental tax financing fund established for the district are insufficient to repay the entire amount of a loan under this chapter, the board may offset the amount of a delinquent payment on the loan from property tax replacement credit distributions or homestead credit distributions

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1 otherwise due to the qualified city.

2 **Sec. 8. An advisory commission on industrial development may**
3 **use the proceeds of a loan under this chapter for expenses related**
4 **to the following purposes in the district described in section 3(1) of**
5 **this chapter:**

6 (1) The acquisition of land, buildings, and structures,
7 including professional fees that are related to the acquisition.

8 (2) Demolition, removal, renovation, rehabilitation, and
9 enlargement of buildings and structures.

10 (3) Site and infrastructure improvements.

11 **Sec. 9. There is appropriated to the board from the state general**
12 **fund an amount sufficient to make the loan authorized by this**
13 **chapter.**

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